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### Report Categories:

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### Report Highlights:

\*Rice and wheat exports to be eased\*, \*Buffer stock ceilings of foodgrains to be increased\*, \*Government may extend duty free white sugar imports until October\*, \*Sugar futures trading banned until year-end\*, \*EU rejects Indian seafood shipments\*, \* US leather biz looks eastwards\*, \*India, Asean resolve difference over FTA\*, \*Stop spinning yarns: India to Turkey\*.

### General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been

made for clarification.

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### **Rice and wheat exports to be eased**

The Food and Civil Supplies Ministry is busy preparing a cabinet note to help the Agriculture Minister pay attention to a pending decision on freeing rice exports. Rice exports have been necessitated by a record rice procurement of 28.5 million tons in 2008/09, firm global prices, and prediction of a normal monsoon this year. The Centre has also decided to allow wheat exports as the country has produced a bumper crop in the last two seasons. The Food Ministry suggested that some ports may be earmarked for allowing wheat exports to monitor quantity as has been done in the case of rice exports. The Government is likely to allow the private sector to export wheat products like atta (wheat flour), suji (Indian wheat, granulated but not pulverized) and maida (refined and finely-milled wheat-flour), while restricting shipments of grain through the public sector trading firms. Earlier this month, the Commerce Secretary had said that the notification regarding exports of wheat and wheat products would be issued after the election results.

*(Source: The Economic Times 05/26/09)*

### **Buffer stock ceilings of foodgrains to be increased**

The Government will raise the buffer norms for rice and wheat in a month's time to maintain food security following record procurement of foodgrains. The total procurement of foodgrains is expected to be about 56.5 million tons this year, out of which wheat, rice, and coarse grains procurement would be 24, 31, and 1.5 million tons, respectively. The buffer norms have not been changed since April 2005.

*(Source: The Financial Express 05/28/09)*

### **Government may extend duty free white sugar imports until October**

The Central Government is likely to extend duty free imports of white sugar by public sector trading firms like State Trading Corporation (STC), MMTC Ltd, and PEC Ltd by three months, until the end of October 2009. In order to increase the availability of sugar in the domestic market, and curb rising prices, the government may also extend the duty free import of raw sugar by local mills until December, from the present deadline of August 1, 2009. The Food

Ministry is preparing a note for the Cabinet Committee on Economic Affairs (CCEA) to extend the white sugar import duty at zero until October 31, 2009 and the duty free import of raw sugar until December 31, 2009. The Government could also consider allowing the private sector to import white sugar.

*(Source: Financial Express 05/23/09)*

### **Sugar futures trading banned until year-end**

On May 26, 2009, the central government banned futures trading in sugar until December 31, 2009. The ban has been imposed to discourage speculators and keep sugar prices in check during the key festival season (September-December). A senior official from the Forward Market Commission (the commodity market regulators), stated that no new contracts will be permitted nor fresh positions will be allowed in any existing contracts. However, traders can square off the position in any active contract as and when they want. Earlier, the Food Minister after resuming his office in the new government said that keeping stringent tabs on the consumer price of sugar and other food commodities will be among his top priorities.

*(Source: Economic Times 05/27/09)*

### **EU rejects Indian seafood shipments**

The European Union has rejected three shrimp consignments from Sri-Lanka and one each from India and Bangladesh for the presence of metabolite nitrofurans above the prescribed levels. According to a rapid alert notification issued by the EU, the metabolite nitrofurans were found in a consignment of headless giant freshwater prawn exported from India to Belgium on May 12, 2009. The EU also detected the presence of cadmium above the prescribed levels in frozen and whole cleaned octopus exported from India to Italy. According to the president of the Seafood Exporters Association of India (SEAI), the consignment of giant freshwater prawn would have been dispatched much before the new testing and certifying scheme was in position. The President further said that once the process is complete, instances of rejections would be far lower.

*(Source: The Business Line 05/29/09)*

### **US leather biz looks eastwards**

In the face of a severe economic slowdown and stringent environmental laws in the United States, the leather business in the country is looking eastwards, towards India. A three member delegation of the United States Hides, Skins, and Leather Association (USHSLA)

recently visited the major leather centers of the country (Uttar Pradesh and West Bengal). The association has been exporting hides to China for the last five years, but is now exploring new destinations since China has recently started producing synthetic leather.

*(Source: The Financial Express 05/21/09)*

### **India, Asean resolve difference over FTA**

The last remaining differences between India and the Association of South East Asian Nations (ASEAN) on the ambitious Free Trade Agreement (FTA) on merchandise goods have been ironed out. Government officials said that the Asean FTA and a similar pact with South Korea involving free trade of goods, services, and investments could be signed on the sidelines of a summit on Asean nations scheduled in October 2009. The new arrangement on the Asean FTA is likely to lead to the first round of tariff cuts being implemented a year later than the original schedule. Furthermore, the tariff cuts will be announced in various slabs.

*(Source: The Business Standard 05/28/09)*

### **Stop spinning yarns: India to Turkey**

India has challenged anti-dumping duties levied by Turkey on Indian synthetic spun yarn imports at the World Trade Organization (WTO). Turkey had imposed anti-dumping duty in the range of 2-39 cents per kg on yarn from India, China, Indonesia, Malaysia and Thailand in January this year. If India's consultations with Turkey on the anti-dumping duties fail, it can file a dispute against Turkey at the WTO. India has also initiated talks with Turkey on safe guard duties on cotton exported by India.

*(Source: Economic Times 05/28/09)*

### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

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